

Minutes of the Finance Committee

Wednesday, February 19, 2014

Chair Haukohl called the meeting to order at 8:30 a.m.

Present: Supervisors Pat Haukohl, Richard Morris, Dan Draeger, Bill Zaborowski, Larry Nelson, and Pamela Meyer.

Also Present: Chief of Staff Mark Mader, Senior Financial Analysts Aaron Daul and Clara Daniels, Sheriff Dan Trawicki, Inspector Eric Severson, Business Manager Lyndsay Johnson, Deputy Inspector Jim Gumm, Citizen John Forristal, County Board Candidate Michael Starich, Administration Director Norm Cummings, Human Resources Manager Jim Richter, Senior Human Resources Analyst Renee Gage, Accounting Services Manager Larry Dahl, Principal Financial Projects Analyst Bob Ries, Parks System Manager Dave Burch, Business Manager Peter Mudek, Business Manager Betsy Forrest, Highway Operations Manager Pete Chladil, and Budget Specialist Bill Duckwitz. Recorded by Mary Pedersen, County Board Office.

Approve Minutes of 1-22-14

MOTION: Morris moved, second by Zaborowski to approve the minutes of January 22. Haukohl requested a minor correction on page 3. Motion carried 6-0 as corrected.

Schedule Next Meeting Dates

- February 19 (2:30 p.m.), February 25 (6:15 p.m.) & March 5 (8:30 a.m.)

Chair's Executive Committee Report of 2-17-14

Haukohl highlighted the following items discussed at the last Executive Committee meeting.

- Approved the ordinances and appointments that were included in the last set of referrals.
- Heard presentations by Legislative Policy Advisory Sarah Spaeth on the County's Twitter account and County Board Chair Paul Decker on a new economic development website.
- Haukohl reported on the Wisconsin Counties Association Legislative Exchange in Madison. Supervisor Larry Nelson submitted a written report.

Ordinance 168-O-087: Authorize The Expenditure Of Seized Funds And Amend The 2014 Sheriff's Department Budget For Multiple Purchases

Trawicki, Severson, Johnson, and Gumm were present to discuss this item. The department currently has an approximate balance of undesignated seized funds available totaling \$266,600 (which includes the disbursement of \$16,540 to participating Metro Drug Unit agency communities – see Ordinance 168-O-088, page 2). The department is requesting to use up to a maximum of \$127,440 of seized funds to purchase a patrol boat/boat motor and trailer (\$95,000), tactical enforcement team helmets (\$17,740), and honor guard uniforms (\$14,700). Staff estimate the ongoing operating and maintenance costs for these items to be minimal and will be the responsibility of the Sheriff's Department. These additional costs will be absorbed within their current and future base budgets. None of these purchases are planned for inclusion in a replacement plan. Future equipment replacements, if necessary, are expected to be purchased with non-tax levy funding.

Trawicki anticipates about 70% of the cost of the new boat will be reimbursed to the County by the Department of Natural Resources over a five-year period for boat patrol. Meyer asked what type of boat whereby Trawicki said a Boston Whaler. Meyer noted she had purchased a Boston Whaler in the

past which cost about \$20,000. Trawicki replied the specs are available. He said the current boat is not at all functional as a dive boat and it will be put up for sale.

MOTION: Zaborowski moved, second by Morris to approve Ordinance 168-O-087. Motion carried 6-0.

Ordinance 168-O-088: Amend The 2014 Sheriff's Department Budget For The Expenditure Of Seized Funds To Participating Agencies In February 2014

Trawicki discussed this item as outlined. The department annually distributes a share of federal asset forfeiture seized funds to participating Metro Drug Unit agency communities based on their participation status at the time of each seizure. Staff has determined that an amount not to exceed \$16,540 will be disbursed to the following agencies: City of Waukesha (\$4,146); City of New Berlin (\$3,128); City of Brookfield (\$3,015); Village of Menomonee Falls (\$3,653); City of Muskego (\$731); Village of Hartland (\$731); Village of Pewaukee (\$388); and Village of Eagle (\$748).

MOTION: Draeger moved, second by Nelson to approve Ordinance 168-O-088. Motion carried 6-0.

Ordinance 168-O-089: Approve County Municipal Loan Program For Radios Required To Participate In County-Wide Digital Radio System Upgrade And Appropriate Funds

Cummings explained this ordinance which authorizes the creation of a municipal loan program for municipalities participating in the County-wide Digital Radio System. As part of the Digital Radio System Upgrade capital project (project number 200815), participating agencies with police, fire, and emergency response units will be required to upgrade to Project 25 (P25) compliant radios and equipment. The vendor selection and contract negotiation process for the project was not completed until after municipal budgets were adopted for 2014 which made it difficult to gauge the level of funding required to purchase/upgrade the radios and equipment. The loan program will be offered to assist municipal partners in funding the purchase/upgrade of this equipment. The 2014 Trunked and Conventional Radio Operations budget includes a description of the program and a note that an ordinance would be brought forward in 2014 for consideration and approval by the County Board.

Cummings said this ordinance authorizes the appropriation of \$2,000,000 of General Fund balance for loans to participating municipal partners. General Fund balance had been anticipated and was included as reserves in fund balance projections in the 2014 budget. The County will offer two-year (maximum) loans of no more than \$200,000 per municipality at an interest rate of 1.5% (the County's estimated cost of capital). Cummings said this is not a dispatch issue. Every municipality in the County uses the tower and therefore, is eligible for the loan. Proceeds from interest and principal repayments will be returned to the General Fund. No direct tax levy impact is anticipated from this ordinance. Cummings noted another loan program will occur for the digital tower in the next couple months.

Cummings concurred with Haukohl that municipalities are responsible for purchasing their own radios and those radios are not eligible under this loan program. Meyer noted that if every municipality accepts the \$200,000 loan it will cost more than \$2,000,000. Cummings said he did not believe every municipality will need the full \$200,000 and \$2,000,000 was all he thought he could allocate from fund balance. If the County is overrun with requests, he might come back to the County Board. Meyer asked if the loan program is first come, first serve and Cummings said yes.

MOTION: Nelson moved, second by Zaborowski to approve Ordinance 168-O-089. Motion carried 6-0.

Ordinance 168-O-091: Establish Salaries for Sheriff, Clerk of Courts, and County Executive For 2015-2018

Richter explained this ordinance which allows for a 1.5% annual salary increase for the sheriff, clerk of courts, and county executive for each of the four years (2015-2018). For the sheriff and the clerk of courts, the increase will be effective the first pay period of each calendar year and for the county executive, the first pay period following the third Tuesday in April of each calendar year.

Richter referred to the following handouts for informational purposes: “Elected Officials – Summary of Across the Board Salary Increases 2007-2016” and “2014 Salaries for Counties with Population over 100,000.” Haukoil noted the salaries are lower than Milwaukee and Dane counties and slightly higher than some other counties. Zaborowski spoke in support of the ordinance. Cummings said, historically speaking, 1.5% is a modest increase and if it is approved the County will avoid future “catch-up” increases.

Nelson requested information on the percentage of pension and health insurance increases over the last four years and how this affects the net salary increase. He commented that this salary increase will not cover those pension and health insurance increases. Cummings and Richter concurred. Nelson asked if that data could be made available to help with public perception. Richter said he would provide that information.

MOTION: Zaborowski moved, second by Morris to approve Ordinance 168-O-091. Motion carried 6-0.

Ordinance 168-O-092: Transfer Carryover Funds From 2013 Unexpended Appropriations To 2014 Budgeted Appropriations

Dahl and Ries discussed each carryover as outlined in the ordinance which included information on department, fund/cost center, amount approved/project, and justification. It is requested that a total of \$3,006,687 in 2013 budget appropriations be carried over to 2014 to enable the purchase of goods and services that, for whatever reason, could not be completed in 2013.

Haukoil requested further explanation on the following projects. Johnson explained the Sheriff’s Department’s request to carryover \$18,700 for mechanical and electronic equipment repair. Burch explained the Parks & Land Use Department’s request to carryover \$40,000 for Mukwonago Park improvements and Mudek and Mader explained the carryover request of \$5,000 for furnace replacement at the Materials Recycling Facility. Ries explained UW-Extension’s request to carryover \$2,055 for the Greater Milwaukee Foundation – Healthy Westside Neighborhood project and carryover requests for the Community Development Fund.

MOTION: Draeger moved, second by Meyer to approve Ordinance 168-O-092. Motion carried 6-0.

Year-End Investments Report

Ries reviewed his report as outlined which included information investment yield and revenue, average daily balance, total County investment income and average investment rates, portfolios by investment type, etc. The total return for the quarter was up 12 basis points from last quarter, to 0.33%. The main factor contributing to the increase were realized gains on sales of securities during the 4th quarter of \$42,843. This is in contrast to \$59,351 of realized losses in the 3rd quarter. Total interest earnings for the quarter were \$527,727, up \$86,512 from the 3rd quarter, due largely to the increase of \$102,193 in the amount of the realized gains as compared to the prior quarter, partially offset by the decrease of

\$45,801 in par value adjustments on the TIP securities. A decrease of approximately \$55,850 in premium amortization due to prepayments on mortgage securities across all the County portfolios was a positive factor influencing the 4th quarter return. Average invested balances dropped by \$57.3 million consistent with the County's cash flow trend, as well as to provide funding for large capital projects during 2013.

MOTION: Zaborowski moved, second by Meyer to accept the year-end report on investments.
Motion carried 6-0.

Annual Report on Interest Allocations

Ries reviewed the "Summary of Current Interest Allocations" and "Prior Interest Allocations" which included information on the County fund from which the funds are allocated, how it was authorized, rationale, and if rescinded, when and why.

MOTION: Nelson moved, second by Draeger to accept the annual report on interest allocations.
Motion carried 6-0.

Fund Transfer 2013-400-4710: Public Works Department – Transfer Funds from Personnel Expenses and Interdepartmental Expenses to Operating Expenses

Forrest and Chladil were present to discuss this fund transfer. An ordinance was approved at the January Board meeting to appropriate an additional \$885,000 of revenues and \$90,000 from the Contingency Fund to the 2013 Transportation Fund budget to provide additional expenditure authority for expenses related primarily to winter storm activity on both the County and State highways. The ordinance was developed based on the best estimates at that time. Final salt inventory numbers are now known, requiring an additional inventory adjustment of \$123,000. Also, final transit expenditures will total slightly under \$107,000. As a result, a final budget adjustment of \$43,600 is needed. Forrest said \$17,800 of Interdepartmental Charges is available primarily from fuel expenses not as high as originally anticipated and personnel appropriations of \$25,800 were remaining at year-end. Forrest said due to the continuing weather conditions, an additional transfer this year is likely.

To answer Haukohl's question, Chladil said the beet juice mixture works "excellent" for de-icing pavements.

MOTION: Morris moved, second by Draeger to approve Fund Transfer 2013-400-4710, Public Works Department. Motion carried 6-0.

Future Agenda Items

- Review Policy on Investment Interest Allocations – Health Insurance Fund (Haukohl)

MOTION: Draeger moved, second by Morris to adjourn at 10:34 a.m. Motion carried 6-0.

Respectfully submitted,

William J. Zaborowski
Secretary